GRUPPO 24 ORE

Press Release

Il Sole 24 ORE S.p.A.: BoD approves half-year financial report as at 30 June 2011

Reorganization and recovery plan underway propels Group results

- **Consolidated revenues = €250.7 million, down 1.8%.**
- **Direct and operating costs down €13 million as a result of the rationalization and efficiency measures envisioned in the Business Plan.**
- **Positive EBITDA of €11.1 million (€3.2 million in 1H10). EBIT at -€2.8 million, improving significantly versus -€11.2 million in 1H10.**
- **Result attributable to the shareholders of the Parent Company = -€4.5 million, improving significantly versus the -€11.9 million in 1H10.**
- **Positive performance of revenues from newsstand sales of the daily newspaper in 2Q11 (+7% in values and +1% in volumes versus 1Q11). Surge in digital subscriptions (+152% versus 1H10).**
- **Advertising sales down (-4.3% versus 1H10), due primarily to the decline in local advertising and magazines. Net of these two elements, the drop in advertising sales is -1.2%.**
- **Radio 24 grows with increase in revenues (+12% versus 1H10) and market share (+6.5%).**
- **Positive performance of the Digital Area, with revenues up +19% versus 1H10. Group digital revenues now account for 25% of consolidated revenues (23% in 1H10).**
- **Professionals Area gains versus 1H10 (revenues +1.8%), mainly in the Training BU (+37%).**
- **Culture Area revenues up 36% versus 1H10.**
- **Radiocor Agency revenues improving by 4.3% versus 1H10.**
- **Positive net financial position of €60 million (€84 million as at 31 December 2010).**

"The implementation of the reorganization and recovery plan has produced a marked improvement in Group results" says Chairman Giancarlo Cerutti, then adding: "in this context, emphasis must be placed on the staunch cost-curbing commitment of CEO Donatella Treu, and on the surge in newsstand sales of Il Sole 24 Ore led by Roberto Napoletano (+18.7% in the last three months), thanks to the compelling editorial offer focused on topical business-financial news and the upturn of the weekly inserts."

Milan, 28 July 2011. Today, the meeting of the Board of Directors of Il Sole 24 ORE S.p.A., chaired by Cav. Lav. Dr. Giancarlo Cerutti, approved the half-year financial report as at 30 June 2011.

MAIN FIGURES OF THE 24 ORE GROUP			
Amounts in €million	31.03.2011	31.03.2010	
Revenues	250.7	257.2	
Gross operating profit (EBITDA)	11.1	2.3	*
Operating profit (loss) (EBIT)	(2.8)	(11.8)	*
Pre-tax profit (loss)	(2.2)	(11.3)	
Profit (loss) for the period	(4.5)	(12.1)	
Profit (loss) attributable to owners of the parent	(4.5)	(11.9)	
			**
Net financial position	60.2	84.1	(1)
Equity attributable to owners of the parent	252.8	257.2	(1)
Employees haedcount at the end of period	1,995	2,092	(1)

(1) As at 31 december 2010

Net of the variations arising from the disposals made in 2010, which changed the Group's scope of consolidation, the consolidated income statement indicators are as follows:

MAIN FIGURES OF THE 24 ORE GROUP ON A LIKE-FOR-LIKE BASIS			
Amounts in €million	31.03.2011	31.03.2010	
Revenues	250.7	255.3	
Gross operating profit (EBITDA)	11.1	3.2	*
Operating profit (loss) (EBIT)	(2.8)	(11.2)	*
Pre-tax profit (loss)	(2.2)	(10.7)	
Profit (loss) for the period	(4.5)	(11.6)	
Profit (loss) attributable to owners of the parent	(4.5)	(11.9)	

Analysis of 1H11 consolidated results

The Group's area of reference remained highly challenging. 1H11 saw a further retreat and contraction of business across the entire print media market.

The Group's structural optimization and streamlining strategy pursued by Management starting as early as last year produced a sharp reduction in costs in 1H11.

The improvement is a result of the reorganization plan and operating cost-curbing measures established following the approval of the 2011-2013 Business Plan.

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* EBITDA is defined as earnings before amortization of tangible and intangible assets, financial charges and income, capital gains/losses from disposal of fixed assets, write-down of equity interests, capital gains from disposal of equity interests, depreciation of intangible assets and income tax. Since EBITDA is not seen as an accounting measure by the European IFRS, the determination of its quantity may be prone to ambiguity. The principle adopted by the Group to determine EBITDA may differ from the criteria adopted by other groups. Hence, its amount may not be comparable with the amount determined by other groups.

** Net financial position is defined as the sum of cash and cash equivalents, short-term financial assets, non-current financial assets and the fair value measurement of hedged financial instruments, netted against overdrafts and bank loans due within a year and non-current financial liabilities. Net financial position is not seen as an accounting measure by the European IFRS. The principle adopted by the Issuer to determine net financial position may differ from the criteria adopted by other groups. Hence, the Group resulting balance, determined by the Issuer, may not be comparable with the balance determined by other groups.

Specifically:

- **personnel costs fell by 3.4%,** thanks to the reduction in average staff headcount of 118 units;
- **Group direct and operating costs fell by 5.9%**, as a result of strong measures taken in particular at the production, editorial and commercial level, **with benefits totaling €9.5 million**.

In 1H11, the 24 ORE Group achieved **consolidated revenues** of €250.7 million, down 1.8%. A result achieved thanks to the higher revenues generated by the Digital Area (8.5%), Culture (+35.9%), Training (+36.7%) and Radio (+11.8%). This improvement allowed the Group to partly offset the contraction in print media circulation and advertising figures, which continued the structural slide of the past few years.

Ebitda rose sharply in 1H11, reaching €11.1 million versus €3.2 million in 1H10. Despite the decline in revenues, in fact, direct and operating costs fell by 5.9% and personnel costs by 3.4%, thanks to the reorganization and centralization measures underway, and to the rationalization and standardization of the product range.

Ebit showed a negative figure of €2.8 million, but improved versus the loss of 1H10 (-€11.2 million).

The **result attributable to the shareholders of the Parent Company** as at 30 June 2011 came to -€4.5 million, up however by 61.9% versus 1H10.

The Group's **net financial position** as at 30 June 2011 showed a positive figure of €60.2 million versus the €84.1 million recorded at the beginning of the year.

Headcount. Thanks to the rationalization of products and operations and to the downsizing of structures currently underway, average staff headcount decreased by 118 units (from 2,135 in 1H10 to 2,017 in 1H11).

Performance by business sector

At year-end 2010, a number of organizational changes modified the business areas forming the Group. The main changes regard: the creation of the Digital Area, which heads up the www.ilsole24ore.com website, the paid online contents, the Shopping24 e-commerce channel, and the Group's business that targets consumers on devices such as tablet PCs and smartphones; the Publishing and System Areas brought together under one organizational unit; the Sector-specific Publishing BU, previously part of the Professionals Area, absorbed by the Daily Newspaper, System, Business Media, Finance and Agency Area.
In order to render the amounts for the two years comparable on a like-for-like basis, the results of 1H10 have been reclassified based on the organizational structure of 2011.

Revenues generated by the **Publishing Area** amounted to €116.8 million (-7.5% versus 1H10), as a result of the contraction of both advertising and circulation revenues. The

result can be broken down into two different periods: 1Q11 with revenues falling by 11.2%, and 2Q11 losing just 4.8%.
2Q11 saw a **positive performance of revenues from newsstand sales of the daily newspaper** (+7% in values and +1% in volumes versus 1Q11). Specifically, Il Sole 24 Ore **saw a 3% increase in copies sold in June 2011** versus June 2010, despite the 50 cent increase in the cost of the daily for four days of the week.
A point also worth mentioning was the growing number of subscriptions to the daily's electronic formats, *Pdf* and *Ipad*, (+152% versus 1H10) and of add-ons, with revenues advancing by 15.3% versus 1H10, outperforming the market.

Advertising revenues generated by **System** closed 1H11 with an overall decline of -4.3%.

In IH11, the advertising market suffered a general decline, except for the Internet component. Free press plunged (-51.3%), radio sank (-8.4%), paid dailies fell (-4.0%), magazines inched downwards (-1.4%), and TV dropped (-2.3%) (*Nielsen Media Research, January - May*).

The area shows different performance patterns for each media. ***Radio*** grew significantly (+14.8%); ***Online***, taking into account the Group and other websites, increased its revenues by 20.2% (excluding from funds); print media showed a softer performance, with advertising sales in particular from the ***Daily Newspaper*** shedding 6.2% in 1H11 versus 1H10. A result attributable to the sharp fall in sales prices (-6.2%) and to the contraction in investments by top spenders, especially those from the automotive, telecom and financial fields.

In 1H11, revenues generated by **Professionals** were up 1.8% overall versus 1H10, thanks to the results of the Training BU, whose revenues rose by 36.7%, offsetting the decline in traditional publishing products.

The *Tax & Legal* BU suffered the declining demand of books (-8.7%) and magazines (-5.1%), to the benefit of electronic media (+4.0%). The shift towards online tools of information led to the **rise in revenues generated by electronic publishing**, which now account for 34.4% from 32.4% of the total revenues generated by the *Tax & Legal* BU, thanks also to the launch of new products (*Riviste24*, *TG Frizzera*, *Diritto24*). Revenues generated by the *Software solutions* BU were in line with those of 1H10. A noteworthy point was the 4.9% increase in revenues from the software products branded Il Sole 24 ORE.
Revenues generated by the *Training* BU **were up 36.7%** versus 1H10. Special mention must be made of the remarkable performance of the *Full Time Masters* (+8.2) and the spectacular result of the *Part Time Masters*, up 40.0% versus 1H10.

Radio 24 closed 1H11 with a **much brighter performance than the general radio advertising market**, with revenues rising by 14.0% and seconds increasing by 3.2% (*Nielsen*) versus 1H10, with a 6.5% increase in the seconds market share, which is currently 8.3%. The rise in revenues (+11.8%), plus the watchful eye on costs, allowed **Radio** to achieve an Ebitda of €0.9 million.

Radiocor Agency revenues improved by 4.3% versus 1H10.

In 1H11, revenues generated by the **Digital Area** were up 8.5% versus 1H10. The main engines of growth were the good performance of advertising revenues and the positive trend in the sale of digital subscriptions. **Revenues from the sale of paid content and e-commerce gained 19%** versus 1H10.

The other figures that marked 1H11 were: the increase in unique visitors of the website, with a daily average of approximately 355,000, up +9.5% on the previous year's average (*Nielsen Site Census*); average daily page views up +10.0% versus 1H10 (*Nielsen Site Census*), with a record **556,527** unique visitors recorded on 16 May.

In 1H11, the website's mobile version saw unique visitors shoot up by 48.6% on average day, while page views surged by 57.4%. In detail, 2Q11 posted a +35.4% increase in average daily unique visitors and a +33.7% increase in average daily page views (*Nielsen Site Census*). In 1H11, revenues generated by Shopping24, the e-commerce channel, were up 15.1% versus 1H10, with a 28% rise in the amount of orders managed. As at 30 June, total downloads of Group apps topped 300,000.

The market segments headed by **Culture** produced mixed results. While the exhibitions and museums segment enjoyed a constantly growing trend, particularly at the two major venues, Scuderie del Quirinale in Rome and Palazzo Reale in Milan, the traditional publishing products, instead, continued their downward slide, with the bookshop channel suffering the most. Despite the general negative drift, the Culture Area witnessed a rebound in the photography rights market, also in the wake of the celebrations of the 150th anniversary of the Unification of Italy and as a result of international expansion. The Digital Area got off to a promising start, although significant results are expected only in the final part of the year.

Revenues generated by Culture showed a strong performance (+35.9%), thanks mainly to the positive trend of Exhibitions and the sale of reproduction rights.
The Area also implemented synergies with the daily newspaper, in particular with a series of add-ons, accompanied by cross-selling activities and the launch of subscriptions associated with various exhibitions.

Significant events subsequent to 30 June 2011

Significant events post 1H11 included the following:

- On 1 July, the final agreement was signed for the acquisition by vwd group Italia S.r.l. of the real-time financial information business.
- Starting 12 July, the Blackberry OS 6 native app is available free on the Blackberry app store and optimized for the new Blackberry touch devices (i.e. Torch and other upcoming devices) distributed in Italy on the open market and tailored to the business community target, with focus on enterprise solutions.
- On 22 July, the Group acquired a 60% equity interest in Softlab S.r.l., a company specialized in the production and marketing of software solutions for law firms, for an equivalent value of €850,000. Following the acquisition, the Group now holds 100% of the share capital.

Business outlook for the year

The opening macroeconomic indicators of 2011 are in line with the expectations of an economic upturn, which remains feeble at this time.

Looking at the 24 ORE Group's area of reference, the advertising segment remains hampered by poor visibility and by highly diversified performance patterns for each of the media, while the circulation figures of subscription newspapers continue their customary, though slower, downward trend.

In order to endure the current market dynamics, following the approval of the 2011-2013 Business Plan, the 24 ORE Group has defined and started the implementation of a series of actions on its range of products, on product features and on structural cost components, which have already brought benefits to overall margins in 1H11.

The operating areas under the Plan are proceeding as scheduled, and in the second half of the year greater signs should be seen of the impacts also on revenues related to the positive trend in the newspaper sales, to the evolution and revision of existing products and to the launch of new initiatives, including in the digital segment.

The foregoing elements, together with the constant and stringent operating cost-curbing measures and benefits produced by the streamlining of the management and operating structures, provide reasons to predict, in the absence of particularly negative advertising market trends, a sharp increase in Ebitda throughout 2011 versus 2010.

Under paragraph 2, article 154-bis of the Consolidated Finance Law (TUF), Alberto Ferrari, in his capacity as corporate financial reporting manager, attests that the accounting information contained herein is consistent with the Company's document results, books and accounting records.

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Interim management report as at 30 June 2011

Accounting schedules

CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT		
Amounts in € million	30.06.2011	31.12.2010
ASSETS		
Non-current assets		
Property, plant and equipment	81.2	84.8
Goodwill	73.1	73.1
Intangible assets	83.3	90.0
Investments in associates and joint ventures	2.9	3.1
Available-for-sale financial assets	1.2	1.2
Other non-current financial assets	20.0	19.8
Other non-current assets	0.8	1.2
Deferred tax assets	40.6	41.3
Total	**303.3**	**314.4**
Current assets		
Inventories	10.5	10.0
Trade receivables	214.9	178.7
Other receivables	10.7	13.1
Other current assets	10.7	6.2
Cash and cash equivalents	50.6	76.7
Total	**297.4**	**284.7**
Assets held for sale	-	-
TOTAL ASSETS	**600.7**	**599.1**

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CONSOLIDATED BALANCE SHEET AND CASH FLOW STATEMENT (CONT.)		
Amounts in €million	30.06.2011	31.12.2010
EQUITY AND LIABILITIES		
Equity		
Equity attributable to owners of the parent		
Share capital	35.1	35.1
Equity reserves	180.3	180.3
Revaluation reserves	20.6	20.6
Hedging and translation reserves	(0.2)	(0.3)
Other reserves	26.1	26.0
Retained earnings	(4.5)	35.6
Profit (loss) attributable to owners of the parent	(4.5)	(40.1)
Total	**252.8**	**257.2**
Equity attributable to non-controlling interests		
Capital and reserves attributable to non-controlling interests	0.2	0.6
Profit (loss) attributable to non-controlling interests	0.0	(0.3)
Total	**0.2**	**0.3**
Total equity	**253.1**	**257.5**
Non-current liabilities		
Non-current financial liabilities	6.9	8.1
Employee benefit obligations	33.6	37.1
Deferred tax liabilities	17.9	19.0
Provisions for risks and charges	15.4	16.8
Other non-current liabilities	0.0	0.1
Total	**73.9**	**81.1**
Current liabilities		
Bank overdrafts and loans - due within one year	2.6	3.1
Financial liabilities held for trading	0.3	0.5
Trade payables	177.4	162.6
Other current liabilities	15.6	9.7
Other payables	77.9	84.7
Total	**273.7**	**260.6**
Liabilities held for sale	-	-
Total liabilities	**347.6**	**341.7**
TOTAL EQUITY AND LIABILITIES	**600.7**	**599.1**

CONDENSED CONSOLIDATED INCOME STATEMENT		
Amounts in € million	1st Half 2011	1st Half 2010
Revenues from sales and services	250.7	257.2
Other operating income	5.1	5.9
Personnel expenses	(88.9)	(92.9)
Change in inventories	0.6	(3.7)
Purchase of raw materials and consumables	(13.7)	(12.5)
Costs for services	(117.1)	(121.6)
Other operating costs	(20.9)	(25.0)
Provisions and provision for bad debts	(4.7)	(5.0)
Gross operating profit (EBITDA)	**11.1**	**2.3**
Depreciation and amortisation	(14.3)	(14.8)
Gains/(losses) on disposal of non-current assets	0.3	0.6
Operating profit (loss) (EBIT)	**(2.8)**	**(11.8)**
Financial income (expenses)	0.7	0.4
Income (expenses) from investments	(0.1)	0.1
Pre-tax profit (loss)	**(2.2)**	**(11.3)**
Income taxes	(2.3)	(0.9)
Net profit (loss)	**(4.5)**	**(12.1)**
Profit (loss) attributable to non-controlling interests	0.0	(0.2)
Profit (loss) attributable to owners of the parent	**(4.5)**	**(11.9)**

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CONSOLIDATED CASH FLOW STATEMENT		
Amounts in € million	1st Half 2011	1st Half 2010
A) CASH FLOWS FROM ORDINARY ACTIVITIES		
Profit (loss) attributable to owners of the parent	(4.5)	(11.9)
Adjustments for:		
Depreciation of property, plant and equipment	5.6	5.8
Amortisation of other intangible assets	8.7	9.0
(Gain) loss on sale of property, plant and equipment	(0.3)	0.1
(Gain) loss on sale of intangible assets	(0.0)	(0.1)
(Gain) loss on sale of business units	-	(0.6)
(Gain) loss on sale of investments in subsidiaries	-	(0.1)
(Gain) loss on sale of investments in associates	0.2	-
Increase (decrease) in provisions for risks and charges	(1.4)	(0.4)
Increase (decrease) in employee benefits	(3.4)	0.6
Increase (decrease) in deferred tax assets/liabilities	(0.4)	(2.4)
Changes in scope of operating provisions	-	(0.1)
Annual instalment of substitute tax	0.1	1.5
Net financial expenses (income)	(0.7)	(0.4)
Cash flows used in operating activities before change in working capital	**3.7**	**0.9**
(Increase) decrease in inventories	(0.6)	3.0
(Increase) decrease in trade receivables	(36.2)	(8.2)
Increase (decrease) in trade payables	14.7	8.9
Income taxes paid	(0.9)	(2.0)
(Increase) decrease in other assets/liabilities	(2.1)	(2.0)
Change in consolidation scope of working capital	-	0.1
Changes in net working capital	**(25.1)**	**(0.3)**
NET CASH USED IN OPERATING ACTIVITIES (A)	**(21.4)**	**0.6**
B) CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds on sale of subsidiaries	-	1.2
Proceeds on sale of property, plant and equipment	0.4	0.0
Proceeds on sale of intangible assets	0.0	0.3
Proceeds on sale of branches of business	-	0.1
Proceeds on sale of available-for-sale financial assets	0.1	-
Investments in property, plant and equipment	(2.1)	(1.3)
Investments in intangible assets	(2.1)	(3.5)
Other increases in goodwill	-	(0.2)
Other decreases (increases) in investments in associates	(0.0)	(0.1)
Other decreases (incr.) in other non-current assets and liabilities	0.3	0.1
Purchase of available-for-sale financial assets	(0.0)	(0.3)
NET CASH USED IN INVESTING ACTIVITIES (B)	**(3.4)**	**(3.6)**
FREE CASH FLOW (A + B)	**(24.8)**	**(2.9)**
C) CASH FLOWS FOR FINANCING ACTIVITIES		
Dividends paid	(0.1)	-
Raising (repayment) of medium/long-term bank loans	(1.2)	(1.7)
Change in other non-current financial assets	(0.3)	(0.3)
Change in financial assets/liabilities held for trading	(0.2)	0.2
Net financial interest received	0.7	0.4
Change in equity attributable to non-controlling interest	0.0	(0.3)
Other changes in reserves	0.2	(0.6)
NET CASH FROM (USED IN) FINANCING ACTIVITIES (C)	**(0.8)**	**(2.3)**
NET INCR. (DECR.) IN CASH AND CASH EQUIVALENTS (A+B+C)	**(25.6)**	**(5.2)**
OPENING CASH AND CASH EQUIVALENTS	**73.6**	**92.1**
CLOSING CASH AND CASH EQUIVALENTS	**48.0**	**86.8**
INCREASE (DECREASE) FOR THE PERIOD	**(25.6)**	**(5.2)**

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CONSOLIDATED NET FINANCIAL POSITION		
Amounts in €million	31.03.2011	31.03.2010
Cash and cash equivalents	50.6	76.7
Bank overdrafts and loans due within one year	(2.6)	(3.1)
Short-term net financial position	**48.0**	**73.6**
Non-current financial liabilities	(6.9)	(8.1)
Non-current financial assets and fair value of hedging instruments	19.1	18.6
Medium/long-term net financial position	**12.2**	**10.5**
Net financial position	**60.2**	**84.1**